

HCS HB 446 -- STATE SCHOOL FUNDING

SPONSOR: Dieckhaus (Thomson)

COMMITTEE ACTION: Voted "do pass" by the Committee on Elementary and Secondary Education by a vote of 17 to 0.

Currently, the phase-in of the school funding formula requires a school district to receive a percentage of its payment from the old SB 380 formula and a percentage from the new SB 287 formula until school year 2012-2013 when 100% of the payment will be based on the new formula. This substitute revises the phase-in to remove the old SB 380 formula percentage and bases a school's payments on the new SB 287 formula with a proration method to accommodate available appropriations. For Fiscal Year 2013, the General Assembly must appropriate an amount for school funding that equals or exceeds the appropriation in Fiscal Year 2010. Each fiscal year thereafter through Fiscal Year 2016, an increasing proration factor will be used to determine the school funding appropriation when the proration factor must be at least 1.0.

In any year in which appropriations do not equal the amount necessary to fully fund the formula, payments will be modified to accommodate available appropriations. Payment reductions or increases will be calculated differently for hold-harmless and formula districts. If the formula is overfunded, payments to hold-harmless districts will be increased at 40% of the rate of formula districts. If the formula is underfunded, payments to hold-harmless districts will be decreased at 40% of the rate of formula districts.

Currently, the state adequacy target can be adjusted to accommodate available appropriations once the phase-in is completed. This provision is repealed as well as obsolete provisions concerning the summer school penalty which terminated at the end of the 2008-2009 school year. A provision regarding an increase in state funding if summer school attendance were to decrease by 25% as compared to the daily attendance at summer school in the 2005-2006 school year is also repealed.

The substitute also specifies that, for Fiscal Year 2012, a district that is accredited without provisions but has been declared financially distressed will not receive less money per student than it did in Fiscal Year 2010.

The provisions of the substitute regarding the funding formula changes become effective July 1, 2012.

The substitute contains an emergency clause for the provisions

regarding the repeal of the summer school attendance weight factor and the provisions regarding the funding of a financially distressed district in Fiscal Year 2012.

FISCAL NOTE: Estimated Net Effect on General Revenue Fund of an income of \$0 in FY 2012, an income of \$0 in FY 2013, and a cost of \$221,944,942 in FY 2014. No impact on Other State Funds in FY 2012, FY 2013, and FY 2014.

PROPONENTS: Supporters say that the bill corrects the drastic lowering of the state adequacy target that will occur in Fiscal Year 2013 and distributes any shortfall or overage fairly between formula and hold-harmless districts. Unless the issues are permanently addressed with a rational solution, they will have to be addressed each year.

Testifying for the bill were Representative Thomson; and Missouri National Education Association.

OPPONENTS: Those who oppose the bill say that any time the transition schedule is changed, the risk of litigation is raised.

Testifying against the bill were Rex and Jeanne Sinquefield.

OTHERS: Others testifying on the bill say addressing the summer school multiplier and the funding shortfall is crucial. While it is unfortunate that the formula is underfunded, this approach minimizes the highs and lows, especially by delaying the original effective date.

Testifying on the bill were Gini Barnett, Santa Fe R-X School District; Mary Beth Scherer, Concordia R-II School District; Missouri State Teachers Association; and Penney Rector, Missouri School Administrators Coalition.